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DEPARTMENT OF STATE  
Bureau of Intelligence and Research

Research Memorandum  
RSD 3.17, January 11, 1962

ASSESSMENT OF CURRENT SOVIET INTENTIONS IN THE BERLIN CRISIS  
January 4-10

CURRENT DEVELOPMENTS

Negotiations. The Soviet memorandum handed to FRG Ambassador Kroll December 27 (published by Bonn January 8) contained no surprises but did include certain interesting variations of the USSR's heretofore standard formulas on Berlin. The statement that the Soviet Union had "no objection to the liveliest connections between the FRG and West Berlin in economic, political and cultural affairs" was of interest since as recently as last month, the Soviet Ambassador to Bonn Smirnov publicly insisted political ties would "never" be tolerated. The Soviet Foreign Ministry official who handed the letter to Kroll apparently linked the possibility of political ties with a change in the status of Berlin and a clear understanding that Berlin was not to be considered a land of the Federal Republic. This latter condition was not specified in the memorandum.

The Soviet document also spelled out in some detail the subject of West Berlin's economic viability raised earlier in Khrushchev's letter to Macmillan. It cited the need for a developing, competitive West Berlin economy, an assured capital inflow, replacement of capital equipment, industrial orders and confidence in the future if the city were not to atrophy. To achieve this, the memorandum stated, it is necessary to have confidence in West Berlin's future, and this confidence can only come about through "normalizing" conditions there by ending the "occupation regime."

Investive on January 6, in commenting on Secretary Rusk's speech to the American Historical Association, concluded that the US is determined to defend its occupation regime in West Berlin at any cost, an attitude which could make serious negotiations impossible. According to the commentary, should the Western powers insist on maintaining the occupation status "at any cost," a peace settlement will take place without them.

The West German press dismissed Hugh Gaitskill's comments on GDR participation in an international access authority for Berlin as "precarious inconsistency" and "remnants of colonialist thinking," but did not reject out of hand the concept of an international authority.

Ulbricht's statement that he expected a peace treaty in 1962 was deleted from the text of his interview with Daniel Schorr (CBS), given in early January, when the interview was published in the GDR press January 4.

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On the other hand, Volkskammer President Dieckmann mentioned 1962 in a reference to a peace treaty on January 10, according to DPA. A New Year's message to the illegal FRG communist party specified that while the first blow against West German militarism had been dealt on August 13, the second would be dealt in the Federal Republic. Heretofore the communist line had generally identified the second blow as the peace treaty.

Military Preparations and Demonstrations. No changes in the Soviet and bloc military posture relating to Germany were reported during the past week.

Work on the fortifications being constructed along the East German border and the clearance of forested tracts along the border ceased, apparently because of the severe winter weather.

Bulgarian civil defense exercises geared to the apparently hypothetical signature of a peace treaty are reportedly scheduled for January 13-14 (January 15-17 being the date given for the peace treaty in the exercise plan). The exercise was originally planned for the latter part of December and then postponed for undetermined reasons.

Berlin and Germany. A new draft East German customs law, approved by the GDR Council of Ministers December 14, but apparently not yet formally enacted into law, evidently nullifies the old German custom law as it applied to the territory of East Germany. According to the reported provisions of the new law, freight and baggage controls at the FRG-GDR border and the West Berlin border are to be transformed from internal German traffic controls to international custom controls; shipments between West Berlin and the FRG will no longer be recognized as traffic within one custom area but between two separate custom entities and will require special documentation for transiting East Germany; West German custom authorities in West Berlin will no longer be recognized nor will documentation issued by them; the custom controls will entail new regulations for transit traffic to and from West Berlin, including a listing of goods to be barred by the GDR customs as endangering peace and security in East Germany.

The new law will also enable the East German regime to require international triptychs as customs documentation for all motor vehicles traveling between West Berlin and the FRG. According to the reports, a first step in the implementation of the new customs law will be the requirement that all West Germans be in possession of a Federal passport when crossing the East-West German border. Evidently, some new custom regulations are already being implemented with respect to goods originating in the bloc and transiting East Germany en route to the FRG. Separate transit documentation is now being issued for such shipments; previously

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goods crossing the GDR eastern frontier with eastward documented as having entered the German custom area and passed on to West Germany as such.

No significant changes in access procedures to or within Berlin were instituted nor did any serious incidents of harassment develop. West German residents of the Dusseldorf area have, however, been banned from entering the GDR and East Berlin for the time being, allegedly because of the smallpox epidemic in that area. Also, passengers on interzonal trains between West Germany and Berlin report that West Germans traveling to destinations within the GDR other than Berlin are now being required to leave the interzonal trains just inside the GDR border and transfer to other trains of the East German Reichsbahn for onward travel.

The East German official publication Aussenpolitik has again raised the issue of misuse of the air corridors to Berlin, stating it would be completely "false" to believe the question would "continue forever to be limited to an exchange of notes."

Indications of East German economic difficulties continue to mount, together with signs of internal unrest and increasingly open criticism of the regime. Some signs now point to the existence of a serious policy dispute within the GDR regime centering on the political-economic course the SED should follow in the future. Rumors of policy disagreement between Ulrich and the Soviets have also reached such a level of currency that Neues Deutschland felt constrained January 4 to deny formally that any such rift existed.

Substantial numbers of Soviet technicians have begun to arrive at East German industrial centers to help alleviate the manpower shortages. GDR spokesmen have revealed that one of the major forms of Soviet economic assistance will be in permitting the GDR to keep a larger part of its own machinery production, formerly exported to the USSR, to equip its own factories.

#### ASSESSMENT OF SOVIET INTENTIONS

The Soviet memorandum to the FRG is a cleverly formulated but rather obvious approach to the West German Government aimed at stimulating divisive sentiments within the country and encouraging dissension within the Western alliance. The document makes unsubtle appeals to all possibly susceptible elements in the FRG — neutralists, pacifists, business circles, and political extremists of all colorations — even appealing to German nationalist sentiment as a reason for better relations with the Soviet Union. The recognized prejudices of all these groups with respect to relations with Britain, France, and the US are also exploited in heavy-handed fashion.

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Apart from the apparent indication of Soviet flexibility with respect to political ties between Berlin and Bonn, the only apparent new element in the Soviet position, the references to Berlin's economic viability contain elements of interest. These were apparently designed at least in part to counter Western objections to the "free city" plan on the grounds it would be incompatible with the viability of West Berlin.

Soviet and bloc commentaries on the East-West negotiations continue to emphasize the firmness of the Soviet negotiating stance but appear to be designed also to allow for Soviet backtracking without loss of face. The virtual disappearance of references to a peace treaty in 1962 are also significant in this respect, particularly the deletion of Ulbricht's own reference to such a date. Barring unforeseen developments, it would appear the Soviets now intend to pursue the subject of negotiations seriously, possibly with the idea of prolonging them over a considerable period of time.

The new East German custom regulations appear to be primarily intended to solidify the concept of state frontiers in regard to East German borders and to stress GDR sovereignty over all communication links between Berlin and the FRG. The regulations are also particularly well adapted to subtle economic harassment and to sporadic demonstrations of West Berlin's vulnerability.

Although no firm evidence is as yet available to document the points at issue, the reported differences within the GDR leadership may eventually pose the USSR with serious decisions in regard to the GDR's future domestic course. The GDR's present economic problems may well require substantial economic assistance from the USSR and the bloc if the country is to remain on its feet. The arrival of Soviet workers in the GDR is a sign of the increasing drain on the USSR's own tight resources posed by its German satellite. Should the cost continue to rise, the USSR may conclude that a change in the policies of its East German satellite is in order.

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